

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6561

BILL NUMBER: HB 1188

NOTE PREPARED: Jan 5, 2012

BILL AMENDED:

SUBJECT: Private Residential Facilities for Children.

FIRST AUTHOR: Rep. VanDenburgh

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Department of Child Services (DCS) to develop standards for the operation of residential facilities for children with emotional, behavioral, or mental health problems or disorders or problems with alcohol or substance abuse. The bill provides a civil penalty not to exceed \$500,000 for violations of the standards established.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill requires the DCS to adopt certain rules regarding the operation of private residential facilities for children. The bill also requires the DCS to adopt rules establishing procedures and schedules for inspection of these programs as well as procedures for hearings and appeals for prescribed penalties. The DCS reports the provisions of this bill are expected to increase staff workload to provide oversight and promulgate rules for private residential facilities. Because the total number of private residential facilities in the state are unknown, actual increases in workload are also unknown. However, the DCS reports at a minimum two FTEs will be required to provide regulation of private residential facilities. The DCS reports salary and benefit costs to be approximately \$99,000 per year for these two FTE positions (\$49,500 per FTE).

Total expenditures for oversight of residential facilities may be greater than the estimate provided, depending on the number of private residential facilities located in the state.

Explanation of State Revenues: *Revenue from Civil Penalties:* The bill also requires the DCS to establish civil penalties for violations of rules. These civil penalties are not allowed to exceed \$500,000 per violation, and revenue collected from civil penalties is required to be deposited in the General Fund. Actual increases

in revenue will depend on (1) the number of violations discovered annually and (2) the civil penalty amounts assessed.

Additionally, revenue received from civil penalties may be used to offset the costs of providing regulation of private residential facilities for children.

Revenue from National Criminal History Background Checks: The bill requires that DCS establish rules where staff members and volunteers of a private residential facility are required to obtain a national criminal history background check through the Indiana State Police (ISP). For every national criminal history background check performed in the state, \$15 is forwarded to the General Fund. As a result of this bill (and the rules promulgated by the DCS), revenue to the General Fund from national criminal history background check fees is expected to increase. Actual increases in revenue are indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DCS, ISP.

Local Agencies Affected:

Information Sources: Brady Brookes, DCS.

Fiscal Analyst: Bill Brumbach, 232-9559.